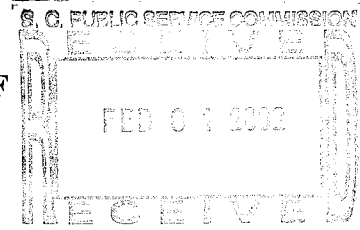


POSTED
012-1-02

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2000-0210-W/S



IN RE:)

Application of United Utility Companies,)
Inc. for adjustment of rates and)
charges for the provision of water)
and sewer service.)

PRE-FILED REBUTTAL TESTIMONY
OF STEVEN M. LUBERTOZZI ON
BEHALF OF APPLICANT

1 Q. Mr. LubertoZZi have you reviewed the Commission Staff Report and the pre-filed
2 testimonies of the Staff in this matter?

3 A. Yes, I have.

4 Q. Are there any adjustments proposed in the Staff Report and testimony that you agree
5 with?

6 A. Yes, we agree with Staff Adjustment number three, which is for Other Office Expense.

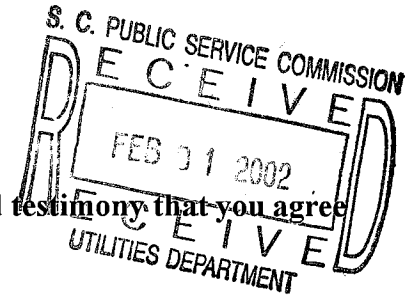
7 Q. You disagree with the rest of the Staff's proposed adjustments?

8 A. Yes, I do. However, I will only address Staff's proposed adjustment numbers one, six, eight,
9 and seventeen in my rebuttal testimony.

10 Q. Why do you disagree with Staff adjustment number one?

11 A. Staff's adjustment to Operator's Salaries includes one less employee. While it is true that
12 the operator Linda Smith (listed on Workpaper [b]) is no longer with the Company, she has
13 been replaced by Nettie Turkaly. A copy of Ms. Turkaly's payroll register has been
14 previously produced to the Staff in the course of its audit.

15 Q. Would you please discuss your disagreement with Staff adjustment number six?



OK Dubois
OK Dubois

1 **A.** Yes. Staff's adjustment to Rate Case Expense only includes expenses incurred to mail
2 notices and my capitalized time. Staff's adjustment does not include attorney's fees, the cost
3 of capital witness fees and capitalized time of Company Vice President Carl Daniel. Total
4 rate case expense incurred through January 16, 2002 is approximately \$28,000 and
5 documentation of that amount has been provided to Staff. In addition, I have estimated that
6 the additional charges to bring this case to conclusion, including the hearing, will be
7 approximately \$23,000. We will update the rate case expenses at hearing. Attached hereto
8 is Rebuttal Exhibit SL-1, which sets out the Company's costs incurred through January 16,
9 2002 and an estimated cost through the hearing date. There should be no argument that the
10 Company has incurred or will incur these expenses. The Commission should allow these
11 costs to be included in the rate case expense in this case, or in the alternative, allow the costs
12 incurred through the hearing date.

13 **Q.** **Why do you disagree with Staff adjustment number eight?**

14 **A.** Because Staff's adjustment to Depreciation Expense only includes a portion (\$24,389) of the
15 cost to complete the installation of the portable generators. The portable generators are
16 currently in service and should be considered a known and measurable change. This Pro
17 Forma plant addition should be included in the Company's rate base and a corresponding
18 adjustment should be made to Depreciation Expense to account for the completion of the
19 portable generators.

20 **Q.** **And why do you agree with Staff adjustment number seventeen?**

21 **A.** This adjustment proposes to adjust plant additions in the amount of \$24,389. This total does
22 not include the additional cost to complete the portable generators. The portable generators

1 are complete and in service and total cost to complete this project should be included in Rate
2 Base as a known and measurable change.

3 **Q. Mr. Lubertozi have you reviewed the pre-filed testimony of Consumer Advocate**
4 **witness Mr. Michael A. Bleiweis in this matter?**

5 **A.** Yes, I have.

6 **Q. Do you agree with the analysis of Mr. Bleiweis regarding the concept of a test year and**
7 **its proper application in the context of this case?**

8 **A.** No, I do not.

9 **Q. Would you please explain why you do not agree with Mr. Bleiweis in this regard?**

10 **A.** Yes. At page five of his testimony, Mr. Bleiweis refers to a treatise relied upon by the
11 Commission in its order in another case; he then makes an out-of-context quote from an
12 outdated edition of that same treatise. Based on these references, he argues at page six of his
13 testimony, in effect, that the Commission should abandon its traditional test year
14 methodology in favor of a backward looking approach that would permit him to select certain
15 expense categories, examine them over an arbitrary historical period, and then reduce the
16 Company's test year expenses to reflect an average over that period. He then asserts that his
17 approach is consistent with the known and measurable standard for adjusting test year
18 expenses. However, neither the treatise in question nor the Commission's order referenced
19 by Mr. Bleiweis support his contentions regarding the proper function of a test year or its
20 application in this case. Moreover, the arguments Mr. Bleiweis makes in support of his
21 analysis are internally inconsistent. Finally, this approach to adjustments of test year

1 expenses, although not made to the same extent or based upon the same analysis, was
2 rejected by the Commission in the rate case order referenced by Mr. Bleiweis

3 **Q. Would you please elaborate?**

4 **A.** Certainly. The Commission order Mr. Bleiweis cites at page five of his testimony contains
5 a paraphrase, not a quote, from the 1993 edition of *The Regulation of Public Utilities* by
6 Charles Phillips. As the Commission noted in its Order No. 2001-887, Docket No. 2000-
7 207-W/S, the discussion in Phillips' treatise at page 196 is consistent with prior South
8 Carolina cases which recognize that the test year is an aid to the Commission in forecasting
9 a utility's future rate base, reserves, and expenses. Order No. 2001-887 at 10. The
10 observation by Phillips that only just and reasonable expenses are allowed for rate-making
11 purposes is likewise consistent with the Commission's prior practices so that conclusion by
12 the Commission in Order No. 2001-887 at page 47 is hardly remarkable. Mr. Bleiweis's
13 quotation at page six of his testimony, however, is taken from the 1984 edition of Phillips'
14 treatise which, in addition to being outdated, is used by Mr. Bleiweis in a manner that
15 completely misinterprets Dr. Phillips' conclusions regarding the proper role of the test year
16 in ratemaking.

17 **Q. In what way does Mr. Bleiweis misinterpret Dr. Phillips' conclusions?**

18 **A.** The quotation from the 1984 edition of the Phillips treatise is also found on page 196 of the
19 1993 edition. For the convenience of the Commission and the parties, I have attached as
20 Rebuttal Exhibit SL-2 to my testimony the entirety of this discussion by Dr. Phillips
21 regarding the test year concept contained in the 1993 edition of his work. Rather than
22 supporting a backward analysis of pre-test year expense levels, Dr. Phillips' discussion of

1 the test year concept makes abundantly clear that the test year chosen by a utility and
2 approved by a regulatory body (which he notes is “frequently the latest twelve-month period
3 for which complete data are available”) is the “past experience. . . [the Commission is] to use
4 as a guide.” *The Regulation of Public Utilities* (1993 Ed.) at 196. On the same page, Dr.
5 Phillips elaborates on this observation by noting:

6 ‘Philosophically, the strict test year assumes the past relationship
7 among revenues, costs and net investment **during the test year** will
8 continue into the future.’ To the extent that these relationships are
9 not constant, the actual rate of return earned by a utility may be quite
10 different from the rate allowed by the commission. For many years,
11 commissions have adjusted test-year data for “known changes”; that
12 is, a change that actually took place **during or after the test period. . .**”
13

14 This discussion by Dr. Phillips makes clear that his reference to the “past experience”
15 regulatory bodies are to use as a guide in ratemaking where the test year concept is employed
16 is, in fact, the test year itself. This discussion also makes clear that the “known changes”
17 referenced by Dr. Phillips are only changes during and after the test year, and not prior to the
18 test year as Mr. Bleiweis’ testimony would have the Commission believe. Dr. Phillips’
19 analysis is consistent with the Commission’s prior practice under South Carolina law which
20 requires that “[w]hen calculating expenses in rate cases, [the] Commission should **use only**
21 **test year data and known and measurable changes occurring after the test year.**” Order
22 No. 2001-887 at 32-33. Mr. Bleiweis’ analysis, on the other hand, is inconsistent with the
23 Commission’s prior practice.

24 **Q. You also mentioned that Mr. Bleiweis’ arguments are internally inconsistent on this**
25 **point; how is that so?**

1 **A.** Initially Mr. Bleiweis complains about the Company's use of 2000 as the test year, stating
2 at page five of his testimony that the data for that period "is over a year old" and that the
3 "revenue and expense data is not representative of future expenditures." Yet, he advocates
4 using data that is over two and three years old. Even if the Commission were disposed to
5 consider Mr. Bleiweis' proposed version of the test year concept in this case, it would be
6 hamstrung by Mr. Bleiweis' own contention that "[old] data is not representative of future
7 expenditures." The Commission cannot let Mr. Bleiweis have it both ways – either data from
8 2000 is appropriate for test year purposes or data from 1998, 1999 and 2000 cannot be relied
9 upon to forecast the Company's future expenditures. Given the lack of support in the
10 Phillips treatise and the precedents of this Commission for Mr. Bleiweis' analysis, the only
11 appropriate conclusion for the Commission to draw is that the 2000 test year is appropriate.
12 I would further note that the Consumer Advocate did not challenge the Company's selection
13 of 2000 as the test year in its Petition to Intervene in this case and both the Company and
14 Staff have prepared their pre-filed testimonies based upon a 2000 test year.

15 **Q.** **You also mentioned that the Commission rejected Mr. Bleiweis's approach to adjusting**
16 **expenses in Order No.2001-887; did Mr. Bleiweis propose in that case the application**
17 **of the test year concept in the manner he proposes in this case?**

18 **A.** No. In that case, Mr. Bleiweis simply argued that one of the utility's allowable operation and
19 maintenance expenses, specifically sewer transmission, distribution materials, and supplies,
20 should be reduced since it had increased 26% from the level two years prior to the test year
21 adopted in that case. The Commission rejected this proposed adjustment, finding that no
22 "unusual situation which would require an adjustment to test year data" had been

1 demonstrated by the Consumer Advocate. In other words, the Consumer Advocate had
2 failed to demonstrate that the expenses there were “atypical”. Order No. 2001-887 at 47.
3 Mr. Bleiweis’ testimony in this case attempts to equate an adjustment for an unusual
4 situation in which one expense was demonstrated to be atypical to a wholesale abandonment
5 of the test year concept as a basis for ratemaking.

6 **Q. Would you please elaborate on that last point?**

7 **A.** Yes. As it noted in Order No. 2001-887, at page 47, the Commission has the right to adjust
8 test year expense figures where “an unusual situation exist[s] which shows that test year
9 figures are atypical.” In the Supreme Court opinion cited by the Commission in Order No.
10 2001-887, the expense item at issue was an electric utility’s test year litigation expense in
11 excess of one million dollars which was found to be “significantly higher than **any** preceding
12 calendar year.” By contrast, instead of analyzing the Company’s expense in any preceding
13 calendar year, Mr. Bleiweis suggests that the Commission should only consider the prior two
14 years. Moreover, the adjustment to account for unusual situations showing that test year
15 expense is atypical is clearly related to the type of expense. As was noted in the Supreme
16 Court opinion cited by the Commission in Order No. 2001-887, it is not uncommon for
17 public utility commissions to adjust a utility’s litigation expenses due to their variability from
18 year to year. In fact, in the three cases cited by the Court, the issues specifically dealt with
19 legal or litigation expenses that were either non-recurring in nature, reflected the utility’s
20 failure to better manage legal expenses by employing in-house counsel, or the result of
21 unforeseen litigation. Mr. Bleiweis, on the other hand, proposes adjustments to fifteen
22 expense categories in addition to the Company’s legal expenses. While litigation expenses

1 can be atypical due to their non-recurring or unforeseen nature or other unusual
2 circumstances, the myriad expenses Mr. Bleiweis proposes to adjust are anything but non-
3 recurring, unforeseen or unusual. In other words, they are all “typical” utility expenses.

4 **Q. Would it not be beneficial for the Commission to inquire into all of a utility’s expenses**
5 **in the manner suggested by Mr. Bleiweis?**

6 **A.** No, it would not be beneficial for several reasons. For example, if the Commission were to
7 use Mr. Bleiweis’ approach as its basis for forecasting all of the Company’s expenses in the
8 near future, the Commission would have to consider not only increases in expenses in the test
9 year figures over the prior two years, but also any decreases in the test year expense figures
10 from the prior two years. Mr. Bleiweis has provided no information in this regard, which
11 demonstrates the fallacy of his analysis. This “half a loaf” approach is similar to Mr.
12 Bleiweis’ contention that the Commission should modify its standard customer growth
13 analysis without taking into account the impact of growth on all of the Company’s growth-
14 related expenses. Accordingly, all of his three year average adjustments should be rejected.
15 Furthermore, in order to give effect to Mr. Bleiweis’ approach, the Commission would have
16 to turn the traditional test year concept on its head and, instead of considering a utility’s
17 expenses in a test year as a basis for its future forecast of utility expense, the Commission
18 would have to examine each claimed expense over some number of prior years to reach a
19 determination of allowable expenses. As I noted earlier, the case referenced in Order No.
20 2001-887 indicated that the test year expense at issue there was compared to **any** prior year.
21 In addition to being unduly burdensome on the Staff, such an approach would cause the test
22 year concept to lose all effectiveness. Finally, ratemaking is not a precise undertaking, but

1 a function that involves the judgment and discretion of the regulator; absolute precision is,
2 thus, not required. This Commission has long been guided by these principles, which are
3 wholly consistent with Dr. Phillips' observation that "the test year assumes the past
4 relationship among revenues, costs and net investment during the test year will continue into
5 the future." Mr. Bleiweis would have the Commission abandon these principles and his
6 efforts to do so should be rejected.

7 **Q. Are there other analytical conclusions made by Mr. Bleiweis in this regard with which**
8 **you disagree?**

9 **A.** Yes. Even if the Commission were to accept Mr. Bleiweis' approach, there are several other
10 flaws in his analysis. For example, Mr. Bleiweis urges the Commission to adopt an arbitrary
11 quantitative standard (10% variance in any of the Company's expenses) to determine whether
12 an expense is "typical". Mr. Bleiweis cites no decision of a regulatory body or court or any
13 regulatory literature that supports the application of such a standard. Also, Mr. Bleiweis has
14 provided no factual basis to support the adoption of this standard in this case since he has
15 only looked at a two year period prior to the test year. As I have previously noted, the
16 analysis described in the case law cited by the Commission in Order No. 2001-887 compared
17 the test year expense to the expense in **any** prior year. Further, Mr. Bleiweis' contention that
18 it is unnecessary to demonstrate that a test year expense will decrease over time is contrary
19 to the conclusion reached by the Commission in Order No. 2001-887 at 47.

20 **Q. Mr. Bleiweis also states that test year expenses are open to adjustment unless the**
21 **Company can prove that they are just and reasonable; would you please comment on**
22 **that?**

1 **A.** Again, Mr. Bleiweis has misinterpreted a standard that this Commission has employed in
2 determining allowable expenses for ratemaking purposes. Rather than bearing the burden
3 of proving the reasonableness of its expenses, the Company's expenses are **presumed**
4 reasonable and it is incumbent upon the Consumer Advocate to show that they are
5 unreasonable. Order No. 2001-887 at 47. The Consumer Advocate may do so only by
6 showing that the expenses were not prudently incurred. Order No. 2001-887 at 47. Mr.
7 Bleiweis has made no assertion, much less a showing, that any of the expenses claimed were
8 imprudently incurred. In other words, Mr. Bleiweis has not shown that a "large increase[]"
9 in test year expenses over prior years results from imprudence of the utility in incurring the
10 expense. Mr. Bleiweis' effort to confuse the reasonableness of expenses with variances in
11 their levels should be rejected.

12 **Q.** **Mr. Bleiweis also appears to criticize the Company's responses to the Consumer**
13 **Advocate's interrogatories 2-11, 2-14 and 2-16, stating that the Company failed to**
14 **explain the reasons why there were increases in various test year expenses; how do you**
15 **respond to that?**

16 **A.** I would first note that, to the extent Mr. Bleiweis found a response to an interrogatory
17 insufficient, he could have requested the Consumer Advocate to move for an order
18 compelling a further response. That this was not done is, I believe, evidence of the
19 sufficiency of the response. Second, Mr. Bleiweis does not include in the parts of his
20 testimony that are critical of the Company's responses the interrogatories themselves.
21 Attached hereto as Rebuttal Exhibit SL-3 to my testimony are the complete interrogatories
22 and responses. As this exhibit shows, in several of the instances where Mr. Bleiweis

1 complains that the answer to a question was not sufficient, the information he finds lacking
2 was simply not requested. Third, the Consumer Advocate propounded two more sets of
3 discovery after his second set in which he asked follow-up questions to earlier
4 interrogatories. No follow up questions on interrogatories 2-11, 2-14 and 2-16 were asked.
5 Finally, Mr. Bleiweis mischaracterizes the Company's responses to these interrogatories as
6 being non-responsive when, in fact, they respond precisely to the question asked.

7 **Q. Along this same line, Mr. Bleiweis complains about the Company's responses to the**
8 **Consumer Advocate's Interrogatories pertaining to pro forma salaries; how do you**
9 **respond to that?**

10 **A.** Mr. Bleiweis is partially correct. He contends that the adjustments for increases of about
11 \$6,500 in supervisor maintenance and general salaries are not supported by workpapers
12 produced or other responses to the Consumer Advocate's discovery. Mr. Bleiweis is correct
13 that the Company's response to the Consumer Advocate Interrogatory 1-14(a) does not
14 include allocation percentages for supervisory personnel. This information is shown on
15 workpaper "b-1", which was inadvertently omitted from the documents produced in response
16 to that interrogatory pursuant to a protective agreement. The Company has supplemented
17 its response to this interrogatory and apologizes to the Consumer Advocate for any
18 inconvenience. The workpaper provided with the supplemental response supports both the
19 allocation percentages and the general expense salaries. Because the Company thought it had
20 produced workpaper "b-1", it gave the response to Interrogatory 4-1(b) that it did. As to
21 Interrogatory 4-1(c), the information requested is in fact shown on workpaper "b" that has

1 already been supplied in response to Interrogatory 14-a. The test year expense for pro forma
2 salaries are therefore properly booked and supported.

3 **Q. Does the Company otherwise disagree with any of the Mr. Bleiweis' adjustments?**

4 **A.** Yes, there are several adjustments that have been proposed by Mr. Bleiweis that I otherwise
5 disagree with.

6 **Q. What are these proposed adjustments?**

7 **A.** The proposed adjustments that I disagree with include Legal Fees, Salaries Charged to Plant-
8 WSC, Uncollectible Accounts, Temp Employ-Clerical, Computer Supplies, Operation
9 Telephone, Water Main Breaks, Water Elec Equip Repair, Sewer-Maint Repairs, Sewer-
10 Main Breaks, Sewer-Elec Equip Repair, Sewer Rodding, Operators-Other Office Expense,
11 Sewer Tests, Gasoline, Pro Forma Plant, Accumulated Depreciation, Utility Commission
12 Expense, Revenue Annualized/Customer Growth Adjustment, Cash Working Capital, Pro
13 Forma Salaries, WCS Expenses.

14 **Q. Do you agree with Mr. Bleiweis' use of a three-year averaging method to propose these**
15 **adjustments?**

16 **A.** No, I do not. In addition to being inconsistent with the test year concept and the known and
17 measurable principle as I discussed earlier, a three-year average suggests that all of these
18 expenses are declining. The proposed averaging method causes the Commission to look
19 backwards and is nothing more than an assurance that the Company will not be able to
20 recover these charges. In addition, Mr. Bleiweis has only made proposed adjustments to
21 expense categories where the three-year average was less than the test year. All of the
22 Consumer Advocate's adjustments that are calculated using a three-year average should be

1 rejected. The adjustments made by the Company reflected known and measurable changes
2 to the test year at the time of filing.

3 **Q. Would you please elaborate on the reasons why you disagree with Mr. Bleiweis'**
4 **proposed adjustment to Legal Fees.**

5 **A.** Mr. Bleiweis has proposed that these expenses be deferred over a five-year period, because
6 they were "additional" and/or extraordinary. I disagree with this proposal because it violates
7 the test year methodology and these charges do not qualify as extraordinary. Mr. Bleiweis
8 misuses the word "additional" to categorize this expense as extraordinary. These expenses
9 do not qualify as extraordinary because they are neither unanticipated nor non-recurring.

10 **Q. Why do you disagree with Mr. Bleiweis' proposed adjustment to Pro Forma Plant?**

11 **A.** Mr. Bleiweis proposes that all of the Company's Pro Forma Plant projects should be
12 eliminated from Rate Base. The Pro Forma Plant adjustment for the portable generators are
13 currently in service and, accordingly, the \$42,353 should be included in Rate Base.
14 Construction of the other project listed on Applicant's workpaper [j], the four new digesters,
15 was started prior to the filing of the Application, but is currently not yet complete.

16 **Q. What is the reason you disagree with the proposed adjustment for Revenue**
17 **Annualized/Customer Growth Adjustment.**

18 **A.** As Mr. Bleiweis noted at page 28 of his testimony, the Commission stated in the Order No.
19 2001-887 at page 65 that:

20 The Commission believes that any adjustment for customer growth
21 must necessarily also take into account increases in expenses.
22

1 Mr. Bleiweis' methodology is again flawed, as he has not included all relevant expenses.
2 The expense adjustment should include, among others, items such as meter reading, billing,
3 allocation of WSC personnel, and water and/or sewer treatment, all of which are expenses
4 directly related to the size of our customer base. This adjustment should be rejected again
5 since Mr. Bleiweis has failed to include a complete corresponding adjustment on the expense
6 side.

7 **Q. Please describe the next adjustment proposed by Mr. Bleiweis that you disagree with.**

8 **A.** I disagree with Mr. Bleiweis' proposed adjustment to Pro Forma Salaries. As I have already
9 noted, the adjustments that he recommends be disallowed are both fully supported by
10 workpapers produced through discovery requests and pass the known and measurable
11 standard. Mr. Bleiweis' proposed adjustments should be rejected.

12 **Q. Please describe the next adjustment proposed by Mr. Bleiweis that you disagree with.**

13 **A.** I disagree with his proposed adjustment to WSC Expenses. WSC's expenses are assigned
14 directly to a utility or distributed to the various companies owned by Utilities, Inc. pursuant
15 to a formula that has been approved by the Commission. The United Utility ratepayers
16 should be allocated a portion of these expenses because they are all incurred in support of
17 the operation of WSC and WSC provides services to United Utility. These services include
18 management, administration, engineering, accounting, billing, data processing, and
19 regulatory services for the utility systems and each of the expenses claimed support these
20 services. The Commission should therefore reject the Consumer Advocate's arbitrary
21 removal of these allocated expenses.

22 **Q. Does this conclude your rebuttal testimony?**

23 **A.** Yes, it does.

United Utility Companies, Inc.

Rate Case Expense

Test Year Ended December 31, 2000

	A		B	
	Estimated Rate Case Expense	Actual Rate Case Expense as of 1/16/02	Estimated Rate Case Expense to complete	A & B
Legal Fees	\$ 50,000.00	\$ 14,250.97	\$ 10,000.00	\$ 24,250.97
Customer Notices	514.00	514.00	-	514.00
Travel	2,600.00	-	1,674.38	1,674.38
Water Service Personnel Hours	14,025.00	8,407.00	5,035.00	13,442.00
Cost of Capital Witness	10,000.00	4,800.15	6,200.00	11,000.15
Total cost	\$ 77,139.00	\$ 27,972.12	\$ 22,909.38	\$ 50,881.50

196 *The Regulation of Public Utilities*

will generally suspend the proposed rate increase for a period of time.⁸⁵ The company, with the concurrence of the commission or its staff, will generally select a "test year," frequently the latest twelve-month period for which complete data are available. The purposes of such a test year are as follows. In the first place, the commission's staff must audit the utility's books. For rate-making purposes, only just and reasonable expenses are allowed; only used and useful property (with certain exceptions) is permitted in the rate base. In the second place, the commission must have a basis for estimating future revenue requirements. This estimate is one of the most difficult problems in a rate case. A commission is setting rates for the future, but it has only past experience (expenses, revenues, demand conditions) to use as a guide. "Philosophically, the strict test year assumes the past relationship among revenues, costs, and net investment during the test year will continue into the future."⁸⁶ To the extent that these relationships are not constant, the actual rate of return earned by a utility may be quite different from the rate allowed by the commission.⁸⁷ For many years, commissions have adjusted test-year data for "known changes"; that is, a change that actually took place during or after the test period (such as a new wage agreement that occurred toward the end of the year). More recently, due largely to inflation, a few commissions have modified the traditional historic test-year approach by using a forward-looking test year (either a partial or a full forecast)⁸⁸ or by permitting pro forma expense and revenue adjustments.

The case will be set down on the commission's docket for future public hearings, and due notice will be given to the utility's customers.⁸⁹ Before the case is called, the utility, the commission's staff and "interveners" (interested parties)⁹⁰ will file their testimony (prefiled "canned" testimony). Such testimony usually is presented by outside experts, as well as by both company and staff personnel. Any of the parties in the case may make data requests to the others.⁹¹ When the case is called, the hearing is conducted by an administrative law judge,⁹² a panel (one or more) of the commissioners or the full commission. All witnesses are sworn, the evidence is recorded (transcribed), and witnesses may be questioned by the administrative law judge or commissioners and cross-examined by counsel for the staff and other parties. In some instances, hearings are held in the community or communities affected. Individual consumers, even though not represented by counsel, are permitted to testify and, in a few states, to cross-examine witnesses.⁹³

After all evidence has been received, the record is closed. Briefs may be filed by the various parties. When an administrative law judge presides, an "initial" or "recommended" decision is subsequently issued by the judge.⁹⁴ The decision must be written and accompanied by formal findings of fact and conclusions of law. It is then subject to review by the full commission⁹⁵ (usually through the filing of briefs that take exception to part or all of the initial decision,⁹⁶ but sometimes in an oral presentation). Once the commission has issued its decision and order, petitions may be filed for reconsider-

- 2-11. Regarding Trial Balance Account #6369003, Temp Employ-Clerical, please explain why this expense increased from \$142 for calendar year 1999 to \$1,823 for calendar year 2000.

RESPONSE:

This increase reflects the higher costs of using temporary employees and the increased usage of temporary employees to perform clerical duties.

- 2-14. Regarding Trial Balance Account #6759003, Computer Supplies, please explain why this expense increased from \$1,269 for calendar year 1999 to \$2,199 for calendar year 2000, or 73.3%.

RESPONSE:

This increase is from increased costs and an increased need of computer equipment.

- 2-16. Regarding Trial Balance Account #6759135, Operations Telephones, please explain why this expense increased from \$3,926 for calendar year 1999 to \$5,722 for calendar year 2000, or 45.7%.

RESPONSE:

This account increased due to increased usage and costs.